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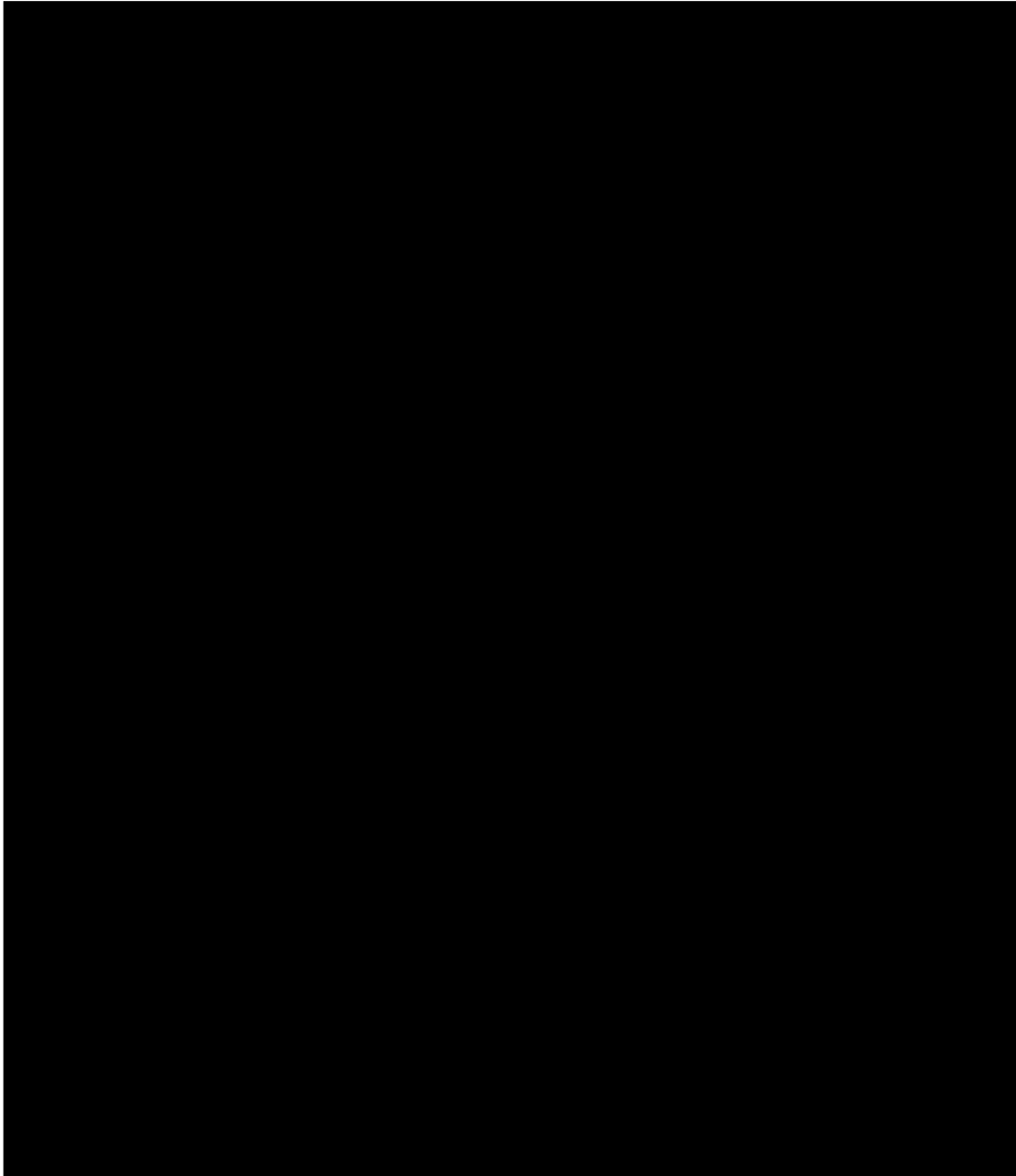
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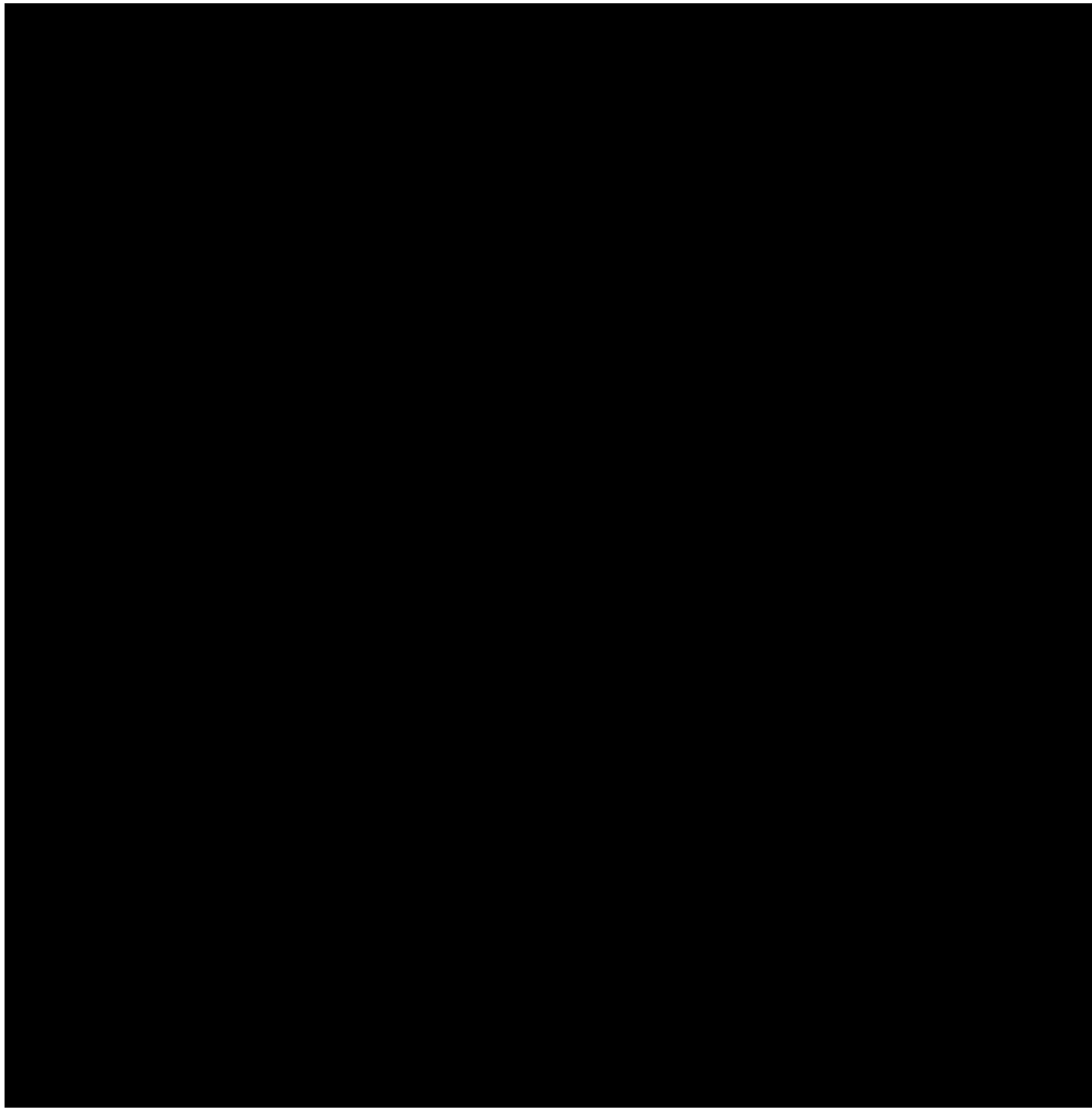
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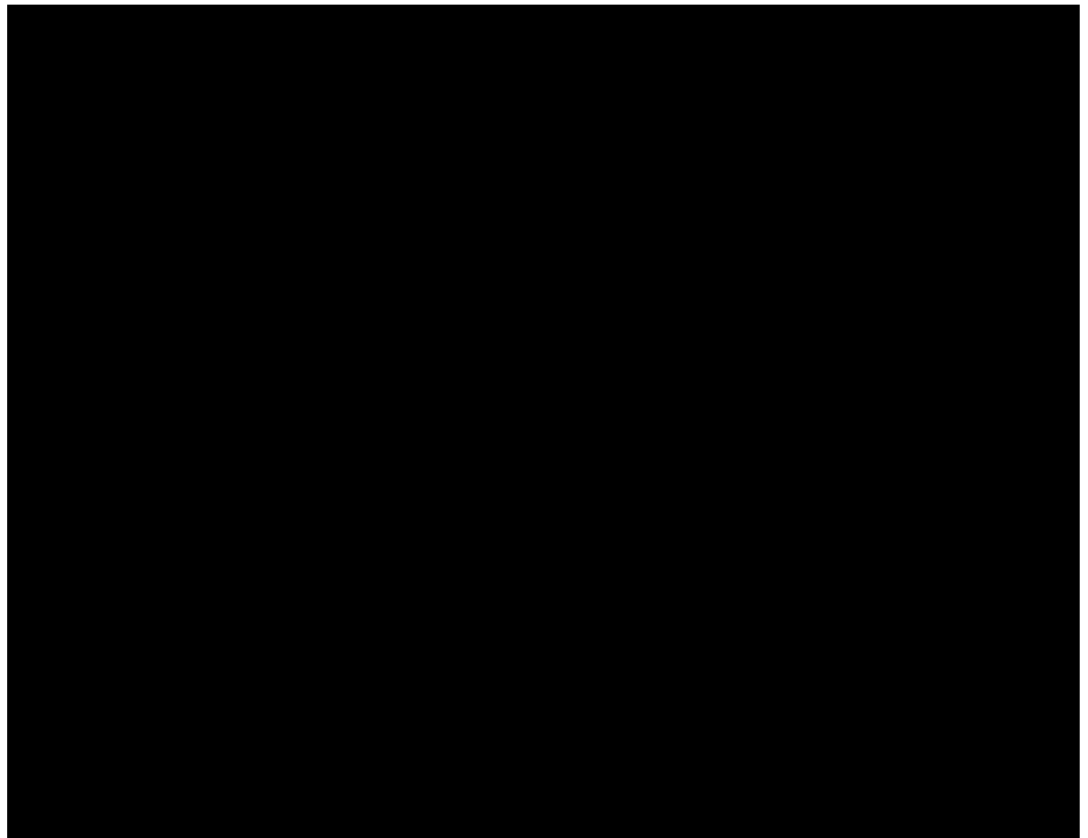


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India: Rajiv's "Good Neighbor" Policy—
An Interim Report Card [REDACTED]

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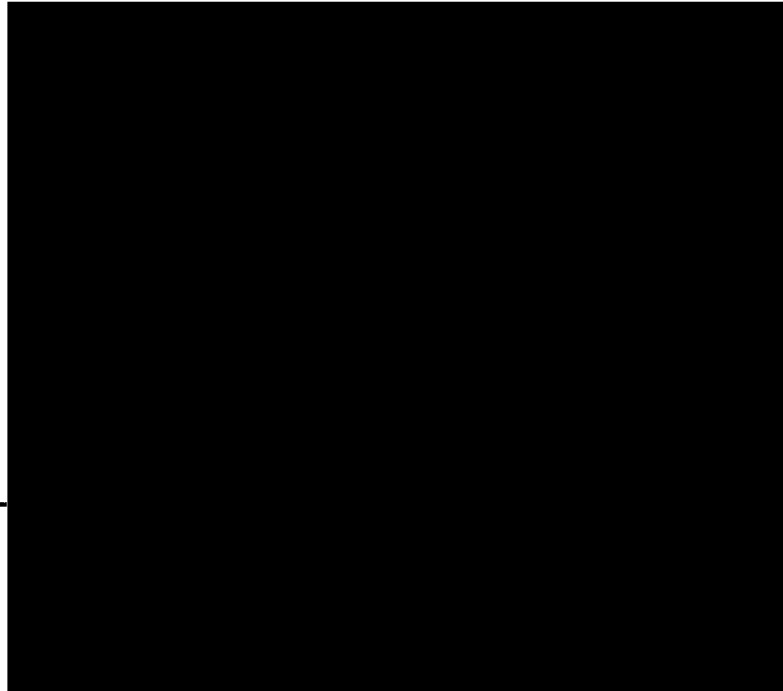
Rajiv Gandhi's fresh foreign policy approach has improved the tone, if not always the substance, of India's relations with several neighboring countries, but the conciliatory line he has adopted probably reflects less his innate good will than a desire to clear his agenda of conflicts that compete with his domestic agenda. [REDACTED]

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**India: Rajiv's
"Good Neighbor" Policy—
An Interim Report Card**

In the year since he succeeded his mother, Rajiv Gandhi's fresh foreign policy approach has improved the tone, if not always the substance, of India's relations with several neighboring countries. Rajiv's emphasis in foreign—as in domestic—policy on reducing differences rather than winning confrontations has led some Indian and Western commentators to characterize his regional stance—perhaps prematurely—as a "good neighbor" policy.

Gandhi has adopted a more conciliatory approach to Pakistan but shares many longtime Indian suspicions of Pakistan's intentions—particularly in regard to the Pakistani nuclear program—and appears to believe that the burden of breaking new ground in their relations rests as much with Islamabad as with New Delhi. He has also improved relations with Sri Lanka by reversing his mother's policy of aiding the Tamil insurgents and by establishing regular contact with Sri Lankan President Jayewardene and his Cabinet. Gandhi's persistent efforts to promote a negotiated settlement of the communal conflict in Sri Lanka reduced the level of violence on the island during 1985.

So far, Rajiv has sought to establish his credentials as a statesman more by his conduct of regional affairs than by taking a lead on Third World issues in the Nonaligned Movement or the United Nations. In our view, the conciliatory line he has adopted toward his neighbors probably reflects less his innate good will toward other South Asian states than a desire to clear his agenda of conflicts that compete with his primary objectives—modernizing India's economy and reforming its bureaucracy. Moreover, his "good neighbor" policy is premised no less than the so-called

Indira Doctrine ascribed to his mother on India's continued military and economic dominance of the region. Rajiv has not been averse to reminding India's neighbors occasionally of India's ability to work its will.

Moving Cautiously With Pakistan

Relations between India and Pakistan have been more cordial under Rajiv than under his mother. Gandhi and Pakistani President Zia met several times in 1985, and their discussions, described by both sides as cordial, have spurred efforts by each to ease tensions. Zia's decision in early 1985 to bring to trial the Sikh hijackers of two Indian airliners was welcomed by Rajiv as a first step toward reducing strains. New Delhi, in return, agreed to resume the bilateral talks that Indira broke off in mid-1984.

Still, Rajiv apparently shares longstanding Indian doubts about the sincerity of Pakistani professions of good will, and Indian officials have continued to remind Washington that New Delhi views Zia's regime and Pakistani regional policies—including its security relationships with the United States and China and its stance on Afghanistan—as a threat to Indian interests.

For Gandhi, suspicion of Pakistani involvement with Sikh extremists in Punjab remains an impediment to improved relations. Despite Zia's denials, Gandhi has continued to charge that Islamabad has systematically trained and armed Sikh dissidents in Pakistan, although he has produced no evidence other than Indian police interrogation reports to support his claims.

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[REDACTED]

intervention by Gandhi lowered the level of violence during much of 1985, brought Tamils and Sinhalese together for direct talks, and extracted new autonomy concessions for the Tamils from the government.

[REDACTED]

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Seizing the Initiative in Sri Lanka

Largely through Gandhi's personal initiative, Indo-Sri Lankan relations improved significantly in 1985. In sharp contrast to his mother's irritation with Sri Lankan President Jayewardene's independent voice in the Nonaligned Movement and perceived ties to the West, Gandhi has avoided criticism of Colombo and even invited Jayewardene to accompany him on a highly publicized tour of flood-ravaged Bangladesh in June. Gandhi's evenhanded mediation effort in Sri Lanka has reversed his mother's policy of support for the militants, led to a close Cabinet-level working relationship between Colombo and New Delhi, and has muted popular anti-Indian Sinhalese rhetoric. In our view, Gandhi's pragmatic, conciliatory approach toward Sri Lanka helped pave the way for Jayewardene's unprecedented acquiescence to Indian mediation. [REDACTED]

As he said he would, Gandhi moved first to try to help resolve Sri Lanka's two-year-old communal conflict. Strong Indian diplomatic pressure and direct personal

Gandhi's policy toward Sri Lanka underscores his political pragmatism. His decision to broker negotiations meant engaging fully in a political relationship with Sri Lankan President Jayewardene's United National Party (UNP), despite years of anti-Indian rhetoric from UNP hardliners and India's traditionally close ties to the opposition Sri Lanka Freedom Party. Similarly, his willingness to include the proscribed Tamil United Liberation Front, a moderate group that had nearly been eclipsed by the militants, has strengthened its standing among Tamils and prepared the way for its reentry into Sri Lankan political life. [REDACTED]

A Good Start With Bangladesh

Rajiv's surprise trip, with Jayewardene in tow, to inspect tidal wave damage in Bangladesh in June with Bangladesh President Ershad was, in our view, a highly successful exercise in media diplomacy—for which he earned respect in India and gratitude in Bangladesh. The meeting, quickly dubbed "the barefoot summit," set a tone in both countries for a new, more cooperative relationship. [REDACTED]

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Gandhi and Ershad have settled two of four key bilateral issues:

expand trade and economic relations, and before King Wanchuck's agreement in May to abide by the Non-Proliferation Treaty. [REDACTED]

The China Factor

Like India's South Asian neighbors, the Chinese have sensed an opening to improved relations with New Delhi under Rajiv's stewardship. Public Chinese statements about Premier Zhao's meeting with Gandhi at the United Nations last fall and about the sixth round of border talks concluded in November, as well as about such Indian regional efforts as the Sri Lankan negotiations, have been largely positive. [REDACTED]

For New Delhi, China figures prominently as a potential meddler in and rival for influence with neighboring South Asian states. With the exception of Bhutan, India's neighbors look to China for both diplomatic and material support. Beijing's close relations with Islamabad, which date from the 1962 Sino-Indian war, have fueled intermittent fears in New Delhi of a Pakistani-Chinese-US alignment against Indian interests. Still, broader foreign policy considerations have prompted the Indians since 1979 to cultivate cordial relations with China and to continue talks on the border dispute that comprises the primary bilateral issue. [REDACTED]

Prospects

Gandhi may calculate over the next few months that his "good neighbor" policy has had sufficient success to allow him to devote more time to his domestic priorities. He can already claim credit at home for making an effort to solve the communal conflict in Sri Lanka, reopening a dialogue with Pakistan, and easing strains with Bangladesh, while retaining a valued relationship with the Soviet Union and invigorating India's ties to the West through personal diplomacy. [REDACTED]

If, however, India's regional policy is subsequently left to professional bureaucrats, with Rajiv showing an attitude of "benign neglect," we would expect little progress. We do not believe the Ministry of External Affairs would continue Rajiv's conciliatory initiatives, particularly toward Pakistan. [REDACTED]

Little Change Toward Nepal or Bhutan

The Gandhi administration's relations with Nepal show little change from New Delhi's traditionally heavyhanded approach. In our view, this reflects both New Delhi's assessment that Nepal is, for all practical purposes, a territorial extension of India as well as wider Indian strategic considerations vis-a-vis China. The Gandhi government's direct interference last summer in overturning a Chinese bid to build a road in southern Nepal underscores India's concern about Chinese influence. [REDACTED]

Nepal had initially welcomed Rajiv's succession and appears disheartened by New Delhi's failure to seek a more equitable balance in bilateral affairs. New Delhi's interference in the Chinese roadbuilding contract bid reinforced the views of many Nepalese that India believes it must dominate bilateral relations. [REDACTED]

Bhutan, the smallest of India's neighbors, has long accepted India's dominant role in its foreign policy, and Rajiv has helped to maintain strong ties. He chose Bhutan's capital, Thimphu, as the site of the Sri Lankan peace negotiations last summer and paid the Bhutanese a three-day visit in October. Maintaining such cordial relations has helped Bhutan emerge somewhat from India's regional shadow, but India almost certainly was consulted before Bhutan signed a formal agreement with Bangladesh in January to [REDACTED]

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